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SUBJECT: SHANGHAI LABOR INSPECTION WORKSHOP

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USG channels; not for Internet distribution.

11. (SBU) Summary. During a May 17-18 labor inspection workshop in Shanghai, Chinese government officials and academics attributed weaknesses in China's labor inspection system to a lack of resources, lack of training for inspectors and inadequate enforcement authority. They urged that the constitution be amended to include more articles on labor inspection and that the Labor and Social Security Inspection Regulation be upgraded to a law. U.S. participants emphasized the importance of establishing a common understanding in the government of the purposes and goals of labor inspection and urged that the government work with NGOs and industry associations. End Summary.

12. (U) On May 17-18, the National Committee on U.S.-China Relations and the Chinese Ministry of Labor and Social Security (MOLSS) jointly organized a workshop on labor inspection in Shanghai. The workshop was an activity under the Department of Labor's Labor Rule of Law Project. The purpose of the workshop was to provide a venue for Chinese and U.S. labor experts to exchange views and experiences on labor inspection, support efforts to strengthen the Chinese government's capacity to develop laws and regulations to implement internationally recognized standards of workers' rights, and promote greater awareness of labor law among Chinese workers and employers. Meeting attendees included scholars from Chinese law schools and research institutes, government officials from labor and social security departments and U.S. labor inspection experts, including National Committee on U.S.-China Relations' Senior Program Officer Ling Li, U.S. Department of Labor's Wage and Department of Labor Hour Division's former manager John Fraser and the Department of Labor Wage and Hour Division's former regional manager Teresa Melnyk.

13. (SBU) Chinese participants attributed weaknesses in China's labor inspection system to a shortage of staff and funding, lack of training for inspectors and inadequate enforcement authority. According to MOLSS Department of Rule of Law Director Yan Baoqin, although China currently had 21,000 full-time inspectors

throughout the country, it would take them about 50 years to complete labor inspections at all enterprises. MOLSS Labor Inspection Section Director Chen Lan added that Chinese labor and social security departments had expanded their work force and hired temporary inspectors from trade unions, woman's federations and youth federations to manage the numerous inspection tasks. She said, however, that it was difficult for inspectors to investigate labor violations in some places because economic development was a major priority in those areas. She said it was necessary to promote a common understanding of labor inspection and strengthen communication between different departments and law enforcement agencies. Finally, she suggested revising the constitution to add more articles on labor inspection.

14. (SBU) Chinese scholars were curious about U.S. labor inspection practices. They asked U.S. experts for information on how to make standards for piece-rate wages, how to build an incentive system for industries to prevent labor violations, and about the relationship between NGOs and the U.S. government. Both U.S. and Chinese participants agreed that the highest number of labor violations occurred in the food industry, restaurants, hotels, textile companies and the construction industry. U.S. experts emphasized the importance of establishing a common understanding of the purposes and goals of labor inspection with government and business leaders. They suggested that Chinese officials work with industry associations to create standards for technical matters such as piece-rate wage and overtime. On the margins of the conference, a Chinese scholar told FSN Political Assistant that NGOs could play a more active role in labor inspections as long as they coordinated closely with the government.

15. (SBU) Although Chinese participants admitted improvements were needed in labor inspection, they said that there had been

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some progress in China's labor inspection development and pointed to successes in getting back wages paid to migrant workers. According to Anhui Provincial Labor Bureau's Labor Inspection Section Chief Wang Jie, Anhui province last year secured RMB 20 million (USD 2.6 million) in back wages for migrants. About RMB 16 million (USD 2.1 million) was collected from Hefei-based factories. The factory owners were told that they could not go home for the Chinese Spring Festival until their migrant workers were paid. The last case was settled on Chinese New Years Eve. Wang worried, however, that such administrative actions would not be effective in the future. He urged the Chinese government to upgrade the Labor and Social Security Inspection Regulation to a law and give more authority to inspectors.

16. (U) This cable was coordinated with Embassy Beijing.  
JARRETT